App. F. IX-4

1936-7
(2. m)

File No. 16-36

Serial Nos. 1-4.

Previous References
Rev. of 35 (1-5)

Letter References.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. four

Part B for Oct 37

SUBJECT.

Enhanced rate of interest on the balances of the Land Mortgage Bank kept in Savings Bank Accounts

---

D 2896 dt. 9.10.37

to Regr. C.j.

WD. 0418—GPB—22,500—20-8-36

state that Government have no objectio
to the amount being invested in Bank
approved for the purpose by the Tre
the period of deposit not exceeding o

GENERAL AND REVENUE SECRETARIAT.

(LM)

NOTES.

File No. 16 -36

FILE HEADING.

Enhanced rate of interest on the balances of the L. M. Bank kept in S. B. Account.

FROM The Registrar of Cooperative Societies in Mysore

No. 7328 Dated 8/3/37 Received 9-3-37

Diary No. 4839 Enclos. One Spare copies — Serial No. 1

BRIEF ABSTRACT OF LETTER

Requests in the circumstances mentioned that the LM Bank be allowed interest at a higher ~~rate~~ on their ~~balances~~ kept in the S. B Account or the Bank be allowed to invest their money elsewhere with the approval of the Trustees

NOTES AND ORDERS.

H 7-35 (1-5)

Not B.

1) The question now refd to was raised in Oct 3 when Govt replied the Bank that it was not possible to allow the L. M. Bank a higher rate of interest. The Registrar now forwards the request of the Bank to reconsider the previous orders and allow the Bank a higher rate of interest on the balances or allow the Bank to invest the balances in suitable securities elsewhere

4839

Increase rate of interest on balances of the Bank with the Comptroller

File No. 16 of 1936.

General and Revenue Secretariat

with the approval of the Trustee to enable the Bank to raise a higher rate of interest. It is put up that the Bank has represented separately that rate of interest on cash credit allowed to the Bank may be lowered and the file is separately put up for orders.

(Refer Para 2+ of the Note) in L.M. 7-35

D.No. 4837 / LM 15-36

GENERAL SECRETARIAT
22 MAR 1937
635

17/3/37

2) H Secy may be consulted on the questions raised in this and in the linked file.

Rev Secy
20.3.37

3) H Secy

W.R.

22/3/37

22.3.37

FINANCIAL SECRETARIAT
J.O.No. FI. 2405
23. MAR. 1937

4) For amounts deposited in the Government Savings Bank, the ordinary savings bank rates of interest should apply, and it is not desirable to sanction higher rates of interest on the ground that the Land Mortgage Bank has to pay higher rate for the Debentures. The only concession which can be shown is to raise the money limit up to which higher rates of interest may be allowed. At present, the rates of interest on Savings Bank Call Deposits are:--

(1) 2½ per cent on balances up to Rs.10,000;
(2) 1¾ per cent on balances in excess of Rs.10,000 and up to Rs. 1 lakh;
(3) ¾ per cent on balances in excess of Rs.1 lakh and up to Rs. 2 lakhs; and
(4) No interest on balances in excess of Rs.2 lakhs.

4839
Sec

Enhanced rate of interest on deposits made by the L.M. Bank

General and Revenue Secretariat | LM File No. 16 of 1936. | [App. F. III—2

Serial No.

Jc 2405

5) In the case of Railway Cess and other deposits of Local Bodies, the rates of interest have been fixed as follows:--

(1) 2½ per cent on balances up to Rs.10,000 and
(2) 1¼ per cent on balances in excess of Rs.10,000

If Government consider that some special concession is called for in respect of the deposits of the Land Mortgage Bank, the rates of interest allowed in respect of Railway Cess and other deposits of Local Bodies may be sanctioned as a special case. This is the utmost concession which can be sanctioned.

6) If the Bank is not satisfied with this concession, and wants permission to invest the money elsewhere, with the sanction of the Trustee, I have no objection to it, provided the investments are not allowed for a long perio and only in short-term deposits, as the money will be required at any time for sanctioning loans.

19/4/37

22.4.37

7) Submitted for orders whether the opinion of the Finance Dept may be accepte

29/4/37

9) Rev Secy

29.4.37

GENERAL SECRETARIAT
29 APR. 1937
1805

NOTE—Contn. Sheet.

9) The letter from the Regr and the Fc Secy's opinion above are for perusal.

10) It does not seem desirable to allow the Land Mortgage Bank to invest their balances in some place where a higher rate of interest will be given than in the Govt Saving Bank. There is perhaps no place ~~of the kind~~ which is safe enough and which would give a higher rate of interest for current deposits. A higher rate of interest may be given for ~~ff~~ fixed deposits but the balances of the L M Bank cannot be fixed for any limit period as the money will be reqd for grant of loans.

11) The only course open is to give the Bank a higher rate than the ordinary savings Bank rate or make up the diffce between the rate and that which the Bank have to give ~~to their~~ creditors in some other manner. I have discussed this matter with the Financial Secretary. To make a special case of ~~one~~ this institution ~~in regard to~~ giving it the unique rate of interest as reqd. for is inconvenient. The rate of interest given to Railway Cess and other deposits of local bodies is somewhat higher than the ordinary rate of interest in the S B. This rate of interest

Higher rates of interest on balances of the Bank with the Treasury

4839

General and Revenue Secretariat LM File No. 16 of 1936 [App. F. III—2

Serial No.

may be given to the L M Bank also without becoming an inconvenient precedent. This may be sanctd as agreed to by the Fl Secy.

12) Even when this is done the Bank loses something on account of the difference between the rate of interest ~~they~~ is thus earned ~~to~~ on the Treasury balances and that which ~~they~~ they pay on their debentures. Some amount more or less corresponding to this difference may be given to the Bank each year for some years to come by way of subvention. This would imply of course that the Bank will rigorously cut down expenditure on establishment to the level really necessary and will give to shareholders only nominal dividends not in excess of the ruling rates, which for the present would be about 3½ or 4 per cent.

MD 4/8/37

2.8.37

Mr SH

This Fl Secy

Secd Member

U.O.No.Fl..432..
4. AUG. 1937

13) I have little to add to my note dated 19/4/37. Re the suggestion in para 12, it will have to be considered when a specific request, with details, is received to that effect from the Bank.

5/8/37 MD 6/8

7.8.37

OFFICE OF THE SECOND MEMBER OF COUNCIL.
7 .. 1937
No. 1134

NOTE—Contn. Sheet.

Enhanced rate of interest on balances of the L.M. Bank with the Government

LDF File No. 16 of 1936. | General and Revenue Secretariat

Serial No.

16) The suggestions of the Fin. Secy contained in paragraphs 5 & 6 may be communicated to the Registrar

9/8/37

7.8.37

9.8.37

15) Dft to the Registrar is lodged. This was one of the points refd to in the Note of Mr. K. R. Srinivasa Iyengar subd to the Member recently

10/8/37

16) Secy & S.G.

11.8.37

17) 11.8.37

18) Issue

11.8.37

Letter No 1551 dated the 16th Aug 37 to the Registrar C.S. enquiring if the Bank is agreeable to those certain concessions refd to in para 5 + 6 above

Letter No 1960 dated the 3rd Sept 1937 from the Registrar C.S. forwarding a copy of letter from the President L.M. Bank and requesting that a higher rate of interest may be allowed as a special case. or permit the Bank to keep their funds in short term deposit in [illegible]

Sec A

GEN. & REV. SECRETARIAT
14/8
14 AUG. 1937
DEVELOPMENT BRANCH

4839 J1313 Higher rate of interest on balance of the L.M. Bank with Comptroller

General and Revenue Secretariat | File No. 16 of 1936 | [App. F. III—2

Serial No.

OFF. ... COUNCIL
7 ... 37
No 2213

banks in order to obtain a higher rate of interest for the unused money.

(9) Later with reference to Para 14 above. The Bank is not still satisfied with the concessions proposed above and represent that even with these concessions there would be a loss to the Bank to the extent of Rs 4000/-. They request therefore that special rate of interest be allowed to them, the interest being calculated on day to day balances instead of monthly minimum balances, or they the Bank may be permitted to deposit these money in other recognised banks approved by the Trustee. For orders with reference to Paras 12-14 above.

9/9/37

20) The proposal to deposit in Banks approved by the Trustee may be sanctioned as P.L. Secy has agreed to it. Period of deposit not to exceed ~~[illegible]~~ 1 year

21) The request that on amounts with the Trustee, interest may be calculated on day to day balances, instead of ~~monthly~~ is for order

17.9.37

17.9.37

II member).

22) I agree

23) This does not seem to be practicable. The Fin. Secy may however be consulted

20/9/37

Mr S.R.

FINANCIAL SECRETARIAT
21. SEP. 1937

NOTE & Contd. Sheet.

WD 0417—GPB—30,000—8-9-36

24) F.L. Secy
mem comptlr)

25) It is not possible to make an exception to the S.B. rules & pay interest on the day to day balances. 23/9.

20.9.37

20.9.37

1313

Higher rate of interest on investment of the L.M. Bank

L.M. File No. 16 of 1936

General and Revenue Secretariat

Serial No.

Chapter VIII

26) Draft G.O. below as per instructions

1/10/37

1.10.37

29) II member

28) D.O. letter may issue and then submitted to II member for perusal as instructed by II member.

7.10.37

29) Issue

7/10/37

4

To The Registrar of C.S.

D 2896 9th Oct 1937

Approves that the Balances of the Central Cooperative L.M. Bank Ltd be invested in approved Banks on short-term deposits.

Copy to the Comptroller D 2897 9-10-37

Resubmitted after issue as ordered in para 28 above

20/10/37

Second Member

20.10.37

22/10/37

23/10/37

23.10.37

TYPING SECTION
8 OCT 1937
GEN. & REV. SECT.

OFFICE OF THE SECOND MEMBER OF COUNCIL.
21 OCT. 1937
No 3042

G. A. & REV. SECT.
28 OCT 1937
DEVELOPMENT

No. 328 C.S.

GOVERNMENT OF MYSORE.

(1)

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE.

Telegraphic Address :
"CO-OPERT"
BANGALORE.

REV. DEVELOPMENT BRANCH
9 MAR. 1937

L.M.16-36-1,

Camp Myso
Dated, ~~Bangalore~~, 4th March, 1937.

-3c5
LH

84

From

GULAM MOHADIN MEHKRI, Esq., B.A., LL.B.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

4839

LH
735 B. 51-5
March 36

To

GENERAL SECRETARY
8 MAR. 1937

M. Venkatesa Iyengar, Esq., M.A.,
General Secretary to Government,
Banglore.

Sir,

In forwarding herewith a copy of letter No: S.I.576 dated 25th Feb. 1937 received from the President of the Mysore Co-operative Land Mortgage Bank, Ltd., requesting that, for reasons stated, a higher rate of interest may be allowed by Government on the balances kept in the Government Savings Bank account by the Trustee of the Bank, I have the honour to state that by the present arrangement the Bank will have to incur heavy loss by its having to pay a higher rate of interest on the debentures than that allowed by Government. This deficiency has necessarily to be made up by the Bank either by keeping the interest rate on loans high or by investing such amounts as are not immediately necessary for the purposes of the Bank, in good interest earning securities approved by the Government, if Government cannot see their way to sanction the grant of a higher rate of interest on the balances kept with the Trustee in the Government Savings Bank. I therefore request that the proposals made by the President of the Bank may kindly be approved by Government.

I have the honour to be,
Sir,
Your most obedient servant,

Registrar of Cs.

2

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE.

Letter No: 376 dated 25th February 1937 from the President of the Land Mortgage Bank Ltd., Bangalore to the Registrar of Co-operative Societies in Mysore, Bangalore.

- - - -

I have the honour to state that, on the amounts raised by the Bank by the issue of Debentures and deposited with the Comptroller who is Trustee of the Bank, interest is being allowed to the Bank only at the Government Savings Bank rates (the current rates being 2½ % on balances up to Rs. 10,000/-, 1¾ % on balances in excess of Rs. 10,000/-, and ¾ % on balances in excess of one lakh, and no interest on balances in excess of two lakhs, on the monthly minimum balances standing to its credit). The loss to which the Bank is subjected by this arrangement, while it has to pay a higher rate of interest to the debenture holders on the same amounts, was explained
dated 8-10-1935 to you. But according to letter No:D.5719/
in detail in my letter No: S.1.118/R.M. 7-35-5 dated 19th March 1936
from the General Secretary to the Government of Mysore to your address, Government have not been pleased to order the payment of a higher rate of interest on the ground that the rate of interest on call deposits elsewhere is not more than that allowed by Government in this case.

Now that debentures in the Fourth series are being issued by the Bank, it is desirable that subscriptions to the full extent of five lakhs sanctioned at 3½ % should be received at once, in view of the instability of the money market at the present moment with chances of the rate of interest going high in the near future. When debentures are so issued to the full extent, there will be a heavy balance with the Trustee on which only Savings Bank rate of interest subject to limits as noted above would be realised by the Bank, as against its liability to the Debenture holders to pay at 3½ %. It will thus be seen that by the present arrangement the Bank would lose heavily. I therefore request you to kindly represent to Government again with your recommendation the desirability of interest on the unutilised balance of debenture money from time to time being paid by Government to the Bank at the same rate as is being paid by the Bank to the debenture holders viz., 3½ % which is also the rate recommended to be adopted for being charged to the Bank by the Government on the cash credit allowed to it. As regards the ground that the rate of interest on call deposits elsewhere is not more than that allowed by Government, I beg to state that the Bank will, if the Government so desire, place at the disposal of the Trustee, for periods of 6 months and more, specific amounts out of the debenture subscriptions received by it, for which there may not be immediate need and to request that the higher rate of 3½ % interest may be allowed at least in respect of such amounts.

If the Government should still be unable to allow a higher rate of interest as above, I request that the Bank may be permitted to invest elsehwere, with the approval of the Trustee, the debenture subscriptions received by it so as to enable it to earn a higher rate of interest than that allowed by Government till such time as it may be required for the grant of loans.

"""""""

"Copy"

Registrar.

Appendix F G—1]

SUBJECT ....

....

Section L. M

File No. 16-36

Serial No. 2

No. D 1551.

Diary No. of letter replied to.....................

To

The Registrar C.S.

General and Revenue Secretariat

( )

the 19

Sir

With reference to your letter No 7328/C.S. dated 8/3/37 ~~requesting~~ in the matter of allowing a higher rate of interest on the balance of the Mysore Central Cooperative Land Mortgage Bank lodged with the Treasury I am ~~directed to state~~ to enquire if your Bank would be satisfied if ~~that Govt can sanction~~, as a special case, ~~to allow~~ the preferential rates of interest on balances with the Treasury, are allowed ~~which is prevalent~~ as in the case of Ry Cos ~~[illegible]~~ & deposits of Local bodies.

Date of issue.......... 14-8-37

Signed by Mr K. Subba Rao

2 1/2% on balances upto Rs 10000/-

1 3/4% ——— in excess of Rs 10000/-

If the Bank is not satisfied with this concession, Govt will have ~~no~~ to consider permitting the ~~objection to any~~ investment of ~~the~~ its money

List of enclosures..........................

Copied by ....

Examined by..........................

securities with the sanction of the Trustee
vided their investments are made only
; short term deposits so that ~~and not locked up for~~
~~any period as the~~ money may be available at short notice ~~will be required~~
~~at any time~~ for sanctioning loans

I am to request you to ascertain and forward the views of the Bank on these proposals.

I have etc
11.8.37
~~Dev~~ Secy L.S.G

11.8.37

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat 6

No. D 1551/L.M. 16-36-2

Dated, Bangalore, 13th August 1937.
14/

From

The *Secretary to the Government of His Highness the Maharaja of Mysore.*
Local-Self Government Department.

To

The Registrar of Co-operative Societies in Mysore,
Bangalore.

Sir,

With reference to your letter No.7325/C.S. dated 8th March 1937 in the matter of allowing a higher rate of interest on the balances of the Mysore Central Co-operative Land Mortgage Bank lodged with the Trustee, I am to enquire if the Bank would be satisfied if as a special case, the marginally noted rates of interest on balance with the Trustee, are allowed as in the case of Railway Cess and deposits of Local Bodies.

2¼ per cent on balances up to Rs.10,000
1¾ % do in excess of Rs.10,000

If the Bank is not satisfied with this concession, Government will have to consider permitting the investment of its money elsewhere with the sanction of the Trustee provided these investments are made only in short term deposits so that money may be available at short notice. for s tioning loans.

I have the honour to be,

Sir,

Your most obedient servant,

Fr Secretary to Government,
L.S.G. Department.

No. 194.D. C. S. Eel.1

GOVERNMENT OF MYSORE.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE.

Telegraphic Address:
"CO-OPERT"
Bangalore

COM. & REV. SECRETARIAT
4 SEP. 1937

Dated Bangalore, 3rd September 1937.

LOCAL SELF GOVT
3. SEP 193
S GOVT

L.M.16-36-3 1313

FROM

~~M.~~ ABDUL HUKH, Esq., B.A.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

D.No 4839,

To

P.H.Krishna Rao,Esq.,M.A.,
Secretary to the Government of Mysore,
Local Self Government Department,BANGALORE.

Sir,

With reference to your letter No.D.1551/L.M.16-36-2 dated 13th/14th August 1937 enquiring the views of the Bank on the proposal made by you in respect of the interest to be allowed on the un-utilised balances left with the Trustee in the Government Savings Bank, I have the honour to forward herewith a copy of letter No.S.I 88 dated 30th August 1937 received from the President of the Mysore Central Co-operative Land Mortgage Bank and to state that in the circumstances mentioned in his letter the Bank is likely to lose heavily in the shape of interest unless it is allowed a higher rate of interest on such balances. I therefore request that Government may be pleased to consider the possibility of allowing a higher rate of interest on the balances with the Trustee as a special case or in the alternative to permit the Bank to keep such amounts in short-term deposits in recognised Banks approved for the purpose by the Trustee so that a higher rate of interest may be obtained by the Bank on such unused money.

I have the honour to be,
Sir,
Your most obedient servant,

Abdul Hukh
Registrar.

L.S.2/9.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Letter No.S.I.88 dated 30th August 1937 from the President, The Mysore Central Co-operative Land Mortgage Bank,Ltd., Bangalore, to t Registrar of Co-operative Societies in Mysore,Bangalore.

* * *

With reference to your Memo No.1307 dated 23-8-1937, forwarding a copy of letter No.D.1551/L.M.16-36-2 dated 13th/14th August 1937 from the Secretary to Government, Local Self Government Department, addressed to you, enquiring if the Bank would be satisfied if, as a special case, rates of interest at 2½ per cent on balances up to - Rs.10,000 and at 1¾ per cent on balances in excess of Rs.10,000 were allowed on balance with the Trustee, and requesting me to intimate very early the views of the Bank in the matter, I have the honour to state that though the proposed rate is some improvement over the - Savings Bank rate, as regards excess of balances over a lakh of rupe the loss to which the Bank would be subject would still be considerable, as explained below:-

As against at least Rs.3,19,800 which may be subscribed for by the public towards the 3½ per cent debentures of the Bank, under iss a sum of Rs.1,32,000 has been subscribed for up-to-date, out of whic there is at present a balance of about Rs.44,000 with the Trustee,an a balance of Rs.1,87,800 is still available for subscription. The money market being very unsteady, it is advisable to secure the full amount to be subscribed for by the public before the interest rates go up. From enquires received from several persons, it is seen that the full amount can be easily secured at once, if it is thrown open to public subscription, but the Bank is obliged to temporise with an defer the acceptance of further subscriptions till the question of interest on the unutilised balance in the hands of the Trustee is - settled. If the entire sum thrown open to the public is accepted at once, the unutilised balance in the hands of the Trustee would amoun to about Rs.2,30,000 and as it may take about 12 to 18 months for th utilisation of this amount, the Bank will be put to a loss of nearly Rs.4,000 if it is paid interest on the amount at only 1¾ per cent by Government while it has to pay interest at 3½ per cent to the debenture-holders.

I

P.T.O.

I therefore request that if the Government are not in a position to make good the above loss by raising the rate of interest on the amounts placed with the Trustee or by a Special Grant for the purpose, permission may be granted to the Bank to place the debenture subscriptions in fixed deposits on a higher rate of interest in some recognised Bank, on the understanding that the deposits will be made in consultation with and in Banks approved by the Trustee and that the period of the deposit will be ordinarily for six months and will in no case exceed one year.

I in case this may be permitted. The higher rate agreed on for 6 months.

I also beg leave here to repeat the request contained in my previous communications that, as regards balances left with the Comptroller, interest at such special rates as may be authorised by Government may be ordered to be calculated on day to day balances, instead of on monthly minimum balances between the 4th and the end of the month.

Recorded

17.9.37

=************=

" Copy "

Registrar.

L.S.2/9.

L.M.16-36-4

D 2896

To

The Registrar of Co-operative
Societies in Mysore, Bangalore

S i r,

With reference to your letter No 1940 dated 3rd September 1937 in the matter of allowing a higher rate of interest on the balances of the Central Co-operative Land Mortgage Bank, Ltd., kept with the Trustee in the Government - Savings Bank, or in the alternative to permit the Bank to keep such amounts in short-term deposits in recognised banks approved for the purpose by the Trustee, I am directed to state that Government have no objection to the amount being invested in Banks approved for the purpose by the Trustee, the period of deposit not exceeding one year.

I have etc.,

7.10.37

Secy.to Govt.,
L.S.G. Dept.

D 2897 Copy to Comptroller.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

No D 2896/L.M. 16-36-4

General and Revenue Secretariat,
6th October
Dated Bangalore, 9.6 .... 193 .

FROM

The Secretary to the Government of His Highness the Maharaja, Bangalore.
Local Self Government Department

To

The Registrar of Co-operative Societies in Mysore,
Bangalore.

SIR,

With reference to your letter No.1940 dated 3rd September 1937 in the matter of allowing a higher rate of interest on the balances of the Central Co-operative Land Mortgage Bank, Ltd., kept with the Trustee in the Government Savings Bank, or in the alternative to permit the Bank to keep such amounts in short-term deposits in recognised Banks approved for the purpose ~~xxx~~ by the Trustee, I am directed to state that Government have no objection to the amount being invested in Banks approved for the purpose by the Trustee, the period of deposit not exceeding one year.

I have the honour to be,
Sir,
Your most obedient Servant,

Secretary to Government,
L.S.G. Department.